

Message Text

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ORIGIN AEC-11

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FM SECSTATE WASHDC

TO AMEMBASSY TOKYO

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EO 11652: NA

TAGS: TECH, JA

SUBJ: ENRICHING SERVICES AGREEMENT

REF: TOKYO 237

1. AEC WILLING, IN PRINCIPLE, TO ENTER INTO LONG-TERM ENRICHMENT CONTRACTS FOR JAPANESE REACTORS IN EXCESS OF 60,000 MWE CEILING, SUBJECT, OF COURSE, TO AMENDMENT OF EXISTING RPOTOCOL ESTABLISHING SUCH CEILING, WHICH US READILY WILLING TO DO.

2. WITH REGARD TO "SUBSTITUTION" FOR REACTORS ON JAPANESE LIST SUPPORTING 60,000 MWE FIGURE, JAPANESE SHOULD AGAIN BE REMINDED THAT (A) LISTING OF REACTOR IS NO GUARANTEE OF ENRICHMENT SUPPLY AND (B) SINCE ALL 26 REACTOR PROJECTS ON APPENDIX COVERED BY DEC 21 EXCHANGE OF NOTES ARE NOW UNDER CONTRACT, PRESENCE ON LIST PER SE IS OF NO SIGNIFICANCE; FACTOR DETERMINING ELEIGIBILITY FOR CONTRACT IS DATE ON WHICH INITIAL DELIVERY OF ENRICHED URANIUM REQUIRED. FOR EXAMPLE, IF INITIAL DELIVERY DATE FOR REACTOR ON LIST WAS

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ORIGINALLY 1982 AND THIS DATE SLIPS TWO YEARS, REACTOR OPER-

ATOR CANNOT CONTRACT BEFORE 1976 (EIGHT YEARS PRIOR TO INITIAL DELIVERY).

3. MATTER OF ABILITY AEC TO CONTRACT FOR MORE THAN 60,000 MWE IS HARDER QUESTION TO ANSWER. AS SCIREP AWARE, AEC'S ENRICHMENT CRITERIA STATE THAT QUOTE COMMISSION WILL NOT ENTER INFO SUCH CONTRACTS IN EXCESS OF AVAILABLE CAPABILITY OF AEC END QUOTE. THIS PROVISION ENSERTED AT INSISTENCE JCAE. SINCE AVAILABLE CAPABILITY DEPENDENT ON MANY FACTORS; FOR EXAMPLE, DIFFUSION PLANT TAILS ASSAY AND ASSUMPTIONS REGARDING DEGREE OF PLUTONIUM RECYCLE BY CUSTOMERS, HOW LONG AEC CONTINUES CONTRACTING IS TO SOME EXTENT A POLICY ISSUE TO BE DECIDED BY COMMISSION. FURTHER, AT PRESENT TIME ONLY ABOUT 65 PERCENT OF AEC'S CAPACITY (INCLUDING CIP/CUP) IS UNDER FIRM CONTRACT UNDER MOST CONSERVATIVE ASSUMPTIONS. SCHEDULE OF ANTICIPATED REQUIREMENTS FOR REACTORS NOT ALREADY UNDER CONTRACT CURRENTLY BEING PREPARED, BUT PICTURE IS CLOUDED BY MANY FACTORS, SUCH AS IMPACT OF USSR AND EURODIF ON AEC'S FUTURE FOREIGN CONTRACTING. THIS SITUATION EXPECTED TO BE SUBSTANTIALLY CLARIFIED AFTER CONTRACTS SUBJECT TO JUNE 30, 1974, DEADLINE HAVE BEEN EXECUTED.

4. WE BELIEVE THERE IS STRONG LIKELIHOOD THAT AEC CAN PROVIDE ENRICHMENT SERVICES FOR MORE THAN 60,000 MWE JAPANESE REACTOR PROGRAM AND HOPE THAT JAPANESE GOVERNMENT WILL NOT REPEAT NOT USE CEILING AS CONVENIENT RATIONALIZATION FOR REQUIRING UTILITIES TO ENTER INTO CONTRACTS WITH EURODIF. END.
KISSINGER

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